



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

Kathleen Clarke  
Executive Director

Lowell P. Braxton  
Division Director

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September 14, 2000

Lon Thomas  
Star Stone Quarries, Inc.  
4040 South 300 West  
Salt Lake City, Utah 84107

Re: Required Revisions to Reclamation Surety, Certificate of Deposit No. \_\_\_\_\_ Peoa Quarry,  
M/043/012, Summit County, Utah

Dear Mr. Thomas:

The Division is in receipt of your recent Certificates of Deposit No. \_\_\_\_\_ (\$5,600.00) and No. \_\_\_\_\_ (\$20,000) from First Security Bank, provided as reclamation surety for the Peoa Blonde Quarry, located in Summit County, Utah. Following discussions with Troy Anderson of First Security Bank and legal review by Division counsel, we find that the following changes will be necessary before we can accept these certificates and grant final approval for the Peoa Blonde Quarry large mine permit application:

1. As with previous certificates provided by American Stone, a formal cover letter will need to be prepared and signed by the mine operator and the Division Director. This letter will be sent to First Security Bank describing the specific conditions for redemption, release, renewal instructions and disposition of the accrued interest for the certificate(s).

*A copy of this draft letter is enclosed for your review and approval. Please forward this draft letter to First Security Bank for their review and comment. Have them contact us directly with any concerns they may have with the proposed language. Once acceptable, we will prepare a final version of this letter for proper signatures by the affected parties.*

2. Immediately after the owners name on the certificates it should state, "held for the benefit of (FBO) the State of Utah, Division of Oil, Gas & Mining." If space is available on the face of the certificate, an additional statement similar to the following should be included: "Reclamation surety, Star Stone Quarries, Inc. - Peoa Blonde Quarry". The actual account for the certificate(s) should be set up in the mine operator's name.
3. The signature card should allow only the signature of the Division Director (currently Lowell P. Braxton) to either redeem or release the certificate, as described more fully in the attached CD cover letter. The signature card should also state that the certificate is provided by Star Stone Quarries, Inc. "For the Benefit of:"(FBO) the "State of Utah, Division of Oil, Gas & Mining" as reclamation surety for the Peoa Blonde Quarry.

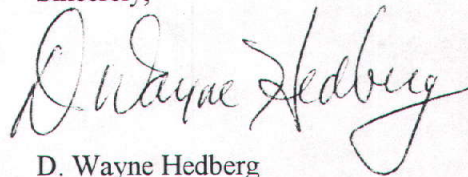


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Please be advised that the maturity and renewal date for the previously accepted \$25,000.00 Certificate of Deposit No. 1 \_\_\_\_\_ is September 21, 2000. This certificate lists the owners as: "American Stone Thomas and State of Utah - Peoa". Please notify your account representative at First Security Bank that this certificate must be revised upon renewal to reflect the same language changes as outlined under items 2 and 3 above.

Thank you for your patience and assistance in completing the bonding arrangements for this large mining permit. Please don't hesitate to call me, or Lynn Kunzler if you have additional questions or concerns in this regard.

Sincerely,

A handwritten signature in cursive script, reading "D. Wayne Hedberg".

D. Wayne Hedberg  
Permit Supervisor  
Minerals Reclamation Program

jb  
Attachment: Draft CD cover letter  
cc: Pam Grubaugh-Littig  
Lynn Kunzler  
o:\thomas\m43-12.peoa.sur



(Last revised 9-13-00)

***DRAFT COVER/INSTRUCTION LETTER FOR CD'S***

\_\_\_\_\_ (Bank Name)

\_\_\_\_\_ (Address)

\_\_\_\_\_

\_\_\_\_\_

Attention: \_\_\_\_\_ (Bank Acct. Rep., Branch Manager, etc.)

Re: Reclamation Surety, Certificate of Deposit for \_\_\_\_\_ Mine Site,

M/ \_\_\_\_\_ / \_\_\_\_\_ (OGM mine file #) , \_\_\_\_\_ County, Utah

Certificate of Deposit no. \_\_\_\_\_; Principal Amount \$ \_\_\_\_\_.

This letter describes the mutually agreed upon instructions of the below signed parties to \_\_\_\_\_ Bank (Bank), regarding the control, redemption, and release of Bank's above-described certificate of deposit (CD), which is being used as a surety to guarantee the availability of reclamation funds for the \_\_\_\_\_ mine site, \_\_\_\_\_ county, Utah (Mine Site). It is the intention of the parties that the CD be utilized as surety to guarantee that \$ \_\_\_\_\_ in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining (Division) upon demand in the event that the operator(s) of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with state law and regulations (Title 40-8-14(7), and Rules R647-4-114 & R647-5-101).



**Ownership and Renewal:**

Ownership of the CD is retained by \_\_\_\_\_, a \_\_\_\_\_ corporation, and by \_\_\_\_\_, an individual(s), (collectively "Owners"), but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining and is subject to the terms and conditions described in this agreement. The CD shall automatically renew indefinitely until either redeemed or released by the Director of the Division.

**Redemption:**

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of the Director of the Utah Division of Oil, Gas & Mining to the Bank. Upon the instruction and demand of the Director, the full initial amount of the CD shall be transferred to the State of Utah. Owners agree and irrevocably instruct Bank that neither the Owner(s), nor any other person claiming an ownership interest in the CD which is derived from the Owners, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owners' control, or if Owners do not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Director of the Division may redeem the CD.

**Release:**

The bank shall release the CD only upon the written instruction of the Director of the Division to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owners, or their legal successors-in-interest.



**Accrued Interest:**

Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the Owner(s) as the Owner(s) may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner(s) may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD which would cause the redemption amount of the CD to be less than the initial amount, \$ \_\_\_\_\_. All tax liabilities for accrued interest shall remain the responsibility of the Owners.

**Bank will not be held liable for any dispute between the parties.**

Agreed Upon By:

\_\_\_\_\_  
Lowell P. Braxton, Director  
Utah Division of Oil, Gas & Mining  
Tax ID Number: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Name and Title of Owner  
Tax ID Number: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Name and Title of Owner  
Tax ID Number: \_\_\_\_\_

Date: \_\_\_\_\_

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